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DOWNPAYMENT ASSISTANCE PROGRAM

For First-Time Homebuyers

February 1994

CITY OF OAKLAND

FIRST-TIME HOMEBUYERS DOWNPAYMENT ASSISTANCE PROGRAM

PROGRAM DESCRIPTION

The City of Oakland's First-Time Homebuyers Downpayment Assistance Program operates jointly with participating lenders to assist first-time homebuyers with their downpayments to purchase homes in the City of Oakland. The City provides this program to increase household stability and security by encouraging homeownership, while fostering neighborhood and community pride and participation.

The program is for people who have adequate income to afford monthly mortgage payments but have been unable to save a large amount for a downpayment. In conjunction with participating lenders who have agreed to make mortgage loans at 95% of home value, the City will provide a loan for 2% of the purchase price for a downpayment. Homebuyers are then able to buy a house for as little as 3% of the purchase price from their own funds.

FOR MORE INFORMATION

For more information about the City of Oakland's First-Time Homebuyers Downpayment Assistance Program, contact any of the participating lenders (see insert) to apply for a first mortgage and to see if you qualify for a City loan. If you have additional questions or need further assistance, contact the City of Oakland's Office of Housing and Neighborhood Development (OHND) First-Time Homebuyers Programs Coordinator at (510) 238-7486, or write 300 Lakeside Drive, 15th Floor, Oakland, CA 94612.

EQUAL HOUSING OPPORTUNITY

LOAN TERMS

The Downpayment Assistance Program provides a loan with the following terms:

- **3/2 OPTION:** The participating lenders require a minimum downpayment of 3% of the purchase price and provide mortgages at 95% of the value of the property. The City provides funds to qualified homebuyers for the remaining 2% of the purchase price. The City loan will be secured by a deed of trust against the property.

- **3% INTEREST RATE:** The downpayment assistance loan will be repaid to the City at a 3% interest rate, compounded daily.

- **NO MONTHLY PAYMENTS:** The repayment of the downpayment assistance loan is deferred while the homebuyer lives in the home, i.e., there are no monthly payments. The downpayment assistance loan becomes due when the borrower sells, transfers, or refinances the property; converts the home to rental property; or at the end of the 30-year loan term, whichever occurs first.

APPLICATION PROCESS

1. Contact the City of Oakland's Housing Counseling Services Unit at (510) 238-3056 to reserve a space in a first-time homebuyers workshop. Also contact a participating lender (see insert) to prequalify for a home loan and to discuss your eligibility for a City Downpayment Assistance Program loan.

2. Locate an eligible unit to purchase in the City of Oakland. To do this, you may want to make an appointment with a local realtor of your choice. (Homebuyers with a household income of between 120-150% of area median income must confirm that the home is in a target census tract; otherwise the home can be located anywhere within the city limits of Oakland.)

3. Enter into a written contract to purchase the property.

4. See your participating lender to apply for a first mortgage and complete a Downpayment Assistance Program application with the lender. There is no application fee for the Downpayment Assistance Program.

5. The homebuyer must qualify with a participating lender for a mortgage loan (at 95% of the value of the property).

6. The Lender will submit the completed Downpayment Assistance Program application to the City for approval. Loans are available on a first-come, first-served basis as applications are approved by the City as long as funds are available. Funds are limited.

7. The City will verify the eligibility of the buyer(s) and the home to be purchased and approve the loan application.

8. Following application approval, the homebuyer(s) will sign the City's loan documents (the Promissory Note and Deed of Trust), along with the first mortgage loan documents, at the title company at the close of escrow.

9. The City will provide Downpayment Assistance Program funds to the title company. These funds will be applied toward the purchase price of the home.

ELIGIBLE HOMEBUYERS

Homebuyers are eligible for the program if they meet the following criteria:

- Borrowers must be first-time homebuyers, meaning they have not owned a home during the previous three years. There are several exceptions, including:
  - An individual who worked primarily in the home, owned a home with a previous spouse, and is currently unemployed or underemployed;
  - A single parent who owned a home with a previous spouse; and
  - A homebuyer who owns or owned a mobile home or trailer, or house which requires repairs which exceed the value of the property.
- Borrowers' total gross household income (net income, if self-employed) may not exceed:
  - a maximum of 120% of area median income;

Maximum Allowable Household Income

Household Size	Income
1 person	$44,000
2 person	$50,300
3 person	$56,600
4 person	$62,900
5 person	$67,900
6 person	$72,950

OR

  - a maximum of 150% of area median income, if purchasing a home in Target Areas of Oakland. These are areas in which a majority of residents have in comes of 80% or below area median income (see Target Area Map insert).

Maximum Allowable Household Income

Household Size	Income
1 person	$55,000
2 person	$62,900
3 person	$70,700
4 person	$78,600
5 person	$84,900
6 person	$91,200

- Borrowers must occupy the property as their principal residence.

ELIGIBLE UNITS

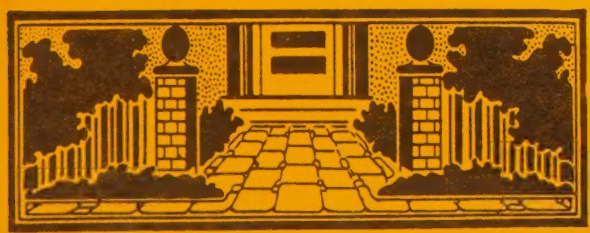
Any single-family or duplex residential unit in the City of Oakland is eligible, including detached homes, condominiums, townhomes, live/work units, and manufactured housing.

There are no price limits for the program. However, the participating lender may have maximum mortgage limits which could effectively limit the prices of eligible units.

HOUSING COUNSELING WORKSHOPS

In conjunction with participating lenders, the City of Oakland offers free housing counseling workshops for first-time homebuyers. The City's workshops cover a wide range of topics, such as: establishing a good credit history, deciding how much you can afford, and qualifiying for a mortgage.

Attendance at a first-time homebuyers program workshop offered by the City or a lender is a requirement to qualify for a Downpayment Assistance loan. If you have not already completed this training, call (510) 238-3056 to reserve a space in a City-sponsored workshop or contact a participating lender (see insert).



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EQUAL HOUSING OPPORTUNITY

City of Oakland

Downpayment Assistance Program
Participating Lenders

Lending Institution	Discounts, Points&Fees	MCCS*	Languages Available
American Savings 5132 Telegraph Ave. Oakland, CA 94609 (510) 652-6636 Contact Persons: **Arnetta Belger** **Francine Wayne**	30 yr. fixed rate, will offer .20% lower interest or reduce points by 1-1.5; will waive appraisal and credit rpt. fees.	Yes	Spanish
Citibank 180 Grand Ave. Seventh Floor Oakland, CA 94604 (510) 271-8558 Contact Person: **Don Parker**	No point loans available. 15 yr. and 30 yr. fixed rate priced .25 below market interest rate; will waive closing costs valued at $475; special downpayment programs.	No	Tagalog
Countrywide 1290 B Street Suite 105 Hayward, CA 94541 Contact Person: **Susan Simpson** (510) 582-2258	No point loans available. 15 yr. and 30 yr. fixed rate; will waive fees valued at $500, with total lender fees of $390	Yes	Spanish Vietnamese Cantonese Mandarin
North American Mortgage City Center Oakland, CA 94612 (510) 893-4040 Contact Person: **Susan Jackson**	No point, no fee and no cost (non-recurring closing costs paid by lender) loans available. 30 yr. fixed rate, market rate interest, will waive $500 processing fees; wide array of pricing options.	Yes	Spanish Tagalog
San Francisco Federal 344 20th Street Suite 360 Oakland, CA 94612 (510) 839-2300 Contact Persons: **Dottie Benjamin** **Claudette Naturel**	No point and no fee loans available. 30 yr. fixed rate, market rate interest. Half price points (.75pt.) and no other lender fees and possible 40 yr. fixed rate to low income buyers.	Yes	Translation services available

* MCCS - Mortgage Credit Certificates through Alameda County's Program

Oakland Low Income Target Areas

First-Time Homebuyers Programs Coordinator
Office of Housing and Neighborhood Development
City of Oakland
300 Lakeside Drive, 15th Floor
Oakland, CA 94612

U.C. BERKELEY LIBRARIES
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